

The Acquiring Companies have provided a description of the to-be-acquired service area, as well as its proposed operations and upgrades in the to-be-acquired exchange.<sup>35</sup>

Moreover, the Acquiring Companies and Qwest have fully provided the information associated with their respective portions of the transaction as recommended by the Bureau.<sup>36</sup>

In light of the above, Qwest and the Acquiring Companies believe that the public interest would best be served by the grant of the study area waivers requested herein.

## VI. CONCLUSION

For the reasons stated herein, Qwest and the Acquiring Companies respectfully request that the Commission expeditiously review and approve this Petition. This Petition raises no new issues of law, is supported by Commission precedent and the facts involved in this Petition clearly demonstrate that the public interest will be served by such an expeditious grant. Qwest and the Acquiring Companies respectfully submit that an expeditious grant of this Petition will serve

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<sup>35</sup> See Attachments A, B, C, D, E, F, G and H.

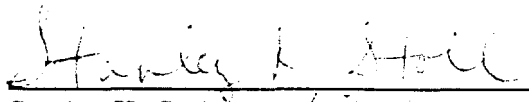
<sup>36</sup> See Public Notice, Common Carrier Bureau Establishes Expedited Processing Procedures for Petitioners Seeking Part 36 Study Area Waivers, 10 FCC Rcd. 13228 (1995) (“Study Area Public Notice”). The Acquiring Companies’ specific information requested by the Study Area Public Notice is provided herein at Attachments B, C, D, E, F, G and H.

the public interest by affording the residents and business customers of these rural exchanges the benefits of the planned transfers.

Respectfully submitted,

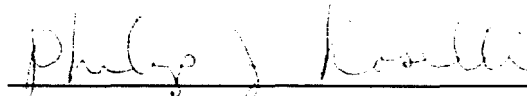
ALL WEST COMMUNICATIONS, INC.,  
CARBON/EMERY TELCOM, INC., CENTRAL  
UTAH TELEPHONE, INC., HANKSVILLE  
TELCOM, INC., MANTI TELEPHONE  
COMPANY, SKYLINE TELECOM AND UBET  
TELECOM, INC.

By

  
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QWEST CORPORATION

By

  
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Of Counsel,  
Dan L. Poole

October 6, 2000

## ATTACHMENT A

### LIST OF THE UTAH EXCHANGES AND ACCESS LINES BY BUYER

All West Communications, Inc. Coalville	CLVLUTMA	1,920
Carbon/Emery Telcom, Inc. East Carbon	ECRCUTMA	978
Helper	HLPRUTMA	1,983
Price	PRICUTMA	9,054
Central Utah Telephone, Inc. Mt. Pleasant	MNPLUTMA	2,077
Hanksville Telcom, Inc. Hanksville	HNVLUTNM	170
Manti Telephone Company Ephraim	EPHRUTMA	1,887
Skyline Telecom Dugway	DGWYUTMA	599
Wendover	WNDVUTMA	808
UBET Telecom, Inc. Duchesne	DCHSUTMA	983
Roosevelt	RSVTUTMA	4,443
Vernal	VRNLUTMA	10,735

## **ATTACHMENT B**

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND ALL WEST COMMUNICATIONS, INC. ("ALL WEST") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

**Response:**

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

**Response:**

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. All West has expressed an intent to upgrade service in the Utah exchange it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

**Response:**

All West plans upgrades at a cost of \$900,000 in year one and \$500,000 in year two to replace the existing switch with a digital remote off the existing All West host switch located in Kamas, update the analog carrier to digital, upgrade several party lines, and provision for DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, All West will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix B-1 for an illustration of the accounting entries both Qwest and All West plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

All West does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1999 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchange being sold to All West is 17.39%, and for the remaining Utah exchanges is 15.38%. The 1999 Subscriber Plant Factor is 0.25.

For All West, the 1999 interstate ratio of Dial Equipment Minutes prior to the sale is 21.93% and after the acquisition is projected to be 20.21%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchange being sold to All West is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural Exchanges to be Sold**

Based on 1999 Results

Average Net Investment (Rate Base)	2,055,992	754,003	2,809,995
Return on Investment	200,665	84,825	285,490
Operating Expense	920,987	321,859	1,242,845
Total Taxes	44,254	22,876	67,130
Total Revenue Requirement	1,165,905	429,560	1,595,466

**Total State Revenue Requirement Analysis "Post Sale"**

Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	726,185,008	308,251,997	1,034,437,005
Return on Investment	70,875,657	34,678,350	105,554,006
Operating Expense	347,590,013	128,968,141	476,558,155
Total Taxes	18,892,458	10,836,756	29,729,214
Total Revenue Requirements	437,358,128	174,483,247	611,841,375

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**All West – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	7,251,768	3,532,631	10,784,399
Return on Investment	722,205	397,421	1,119,626
Operating Expense	2,260,632	1,217,219	3,477,851
Total Taxes	179,135	113,356	292,491
Total Revenue Requirement	3,161,972	1,727,996	4,889,968

**Estimated Post Sale:**

Average Net Investment (Rate Base)	9,307,760	4,286,634	13,594,394
Return on Investment	922,870	482,246	1,405,116
Operating Expense	3,181,619	1,539,078	4,720,697
Total Taxes	223,389	136,232	359,621
Total Revenue Requirement	4,327,877	2,157,556	6,485,433

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. All West has approximately 4,100 access lines in the state of Utah. Approximately 1,920 access lines are being transferred to All West as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix B-2.



## APPENDIX B-1

### SUMMARY OF ACCOUNTING ENTRIES (000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	4,800
Debit Accumulated Depreciation (Account 3100)	3,879
Credit Plant in Service (Account 2001)	7,152
Credit Gain (Account 7350)	1,528

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the Coalville Exchange dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

#### ALL WEST (BUYER'S BOOKS):

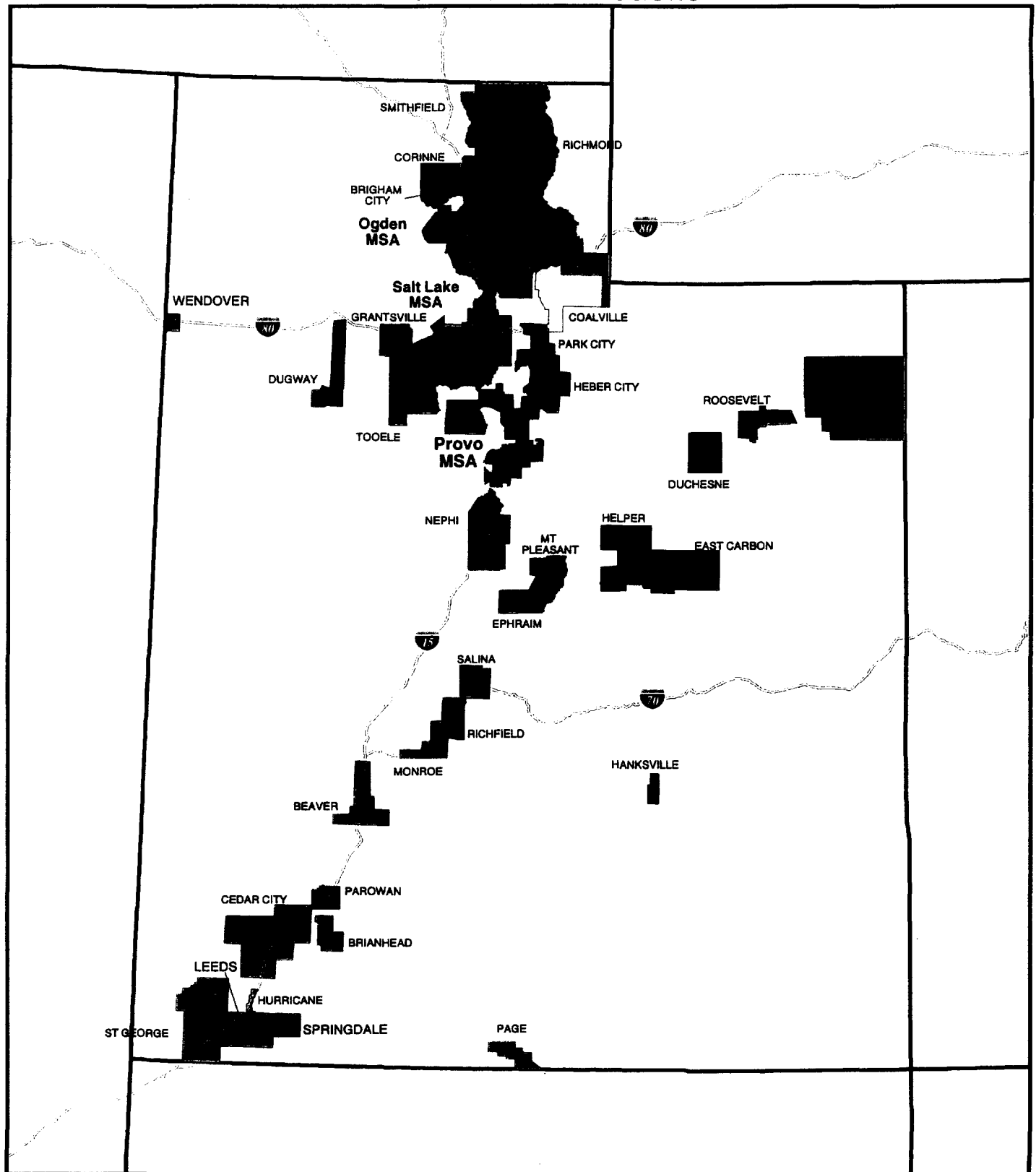
Debit Plant in Service (Account 2001)	7,152
Debit Telecommunications Plant Adjustment (Account 2005)	1,528
Credit Cash (Account 1120)	4,800
Credit Depreciation Reserve (Appropriate Plant Accounts)	3,879

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by All West or Qwest prior to the sale.

**APPENDIX B-2**

**MAP (ALL WEST)**

# All West Communications






**QWEST Wire Centers -  
Proposed Sale to  
All West Communications, Inc.**



20 0 20 40 Miles

## Legend

-  QWEST Proposed Transaction
-  QWEST
-  Highway

*ride the light*  
**Qwest**  
*Qwest Geographic Intelligence*

C. Bryan Eberle  
303.596.8391  
cberle@qwest.com

## ATTACHMENT C

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND CARBON/EMERY TELCOM, INC. ("CARBON/EMERY") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

Response:

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

Response:

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. Carbon/Emery has expressed an intent to upgrade service in the three Utah exchanges it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

Response:

Carbon/Emery plans upgrades at a cost of \$2,600,000 in year one, \$1,750,000 in year two to replace aerial and buried air core cable with new buried plant and add a fiber connection to the point of connection with the tandem switch. These upgrades are necessary to offer custom calling and CLASS services and provision for DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, Carbon/Emery will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix C-1 for an illustration of the accounting entries both Qwest and Carbon/Emery plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

Carbon/Emery does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1999 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchanges being sold to Carbon/Emery is 14.58%, and for the remaining Utah exchanges is 15.39%. The 1999 Subscriber Plant Factor is 0.25.

For Carbon/Emery, the 1999 interstate ratio of Unweighted Dial Equipment Minutes prior to the sale is 17.51% and after the acquisition is projected to be 15.36%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchanges being sold to Carbon/Emery is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural  
Exchanges to be Sold**  
Based on 1999 Results

Average Net Investment (Rate Base)	7,385,168	2,691,524	10,076,692
Return on Investment	720,792	302,796	1,023,589
Operating Expense	3,944,180	1,404,447	5,348,627
Total Taxes	132,060	65,866	197,926
Total Revenue Requirement	4,797,033	1,773,110	6,570,142

**Total State Revenue Requirement  
Analysis "Post Sale"**  
Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	720,855,832	306,314,476	1,027,170,308
Return on Investment	70,355,529	34,460,379	104,815,908
Operating Expense	344,566,820	127,885,553	472,452,373
Total Taxes	18,804,651	10,793,767	29,598,418
Total Revenue Requirements	433,727,001	173,139,698	606,866,699

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**Carbon/Emery – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	6,089,063	4,047,767	10,136,830
Return on Investment	608,907	455,374	1,064,281
Operating Expense	3,542,431	2,353,546	5,895,977
Total Taxes	75,080	48,426	123,506
Total Revenue Requirement	4,226,418	2,857,346	7,083,764

**Estimated Post Sale:**

Average Net Investment (Rate Base)	13,474,231	6,739,291	20,213,522
Return on Investment	1,329,699	758,170	2,087,869
Operating Expense	7,486,611	3,757,993	11,244,604
Total Taxes	207,140	114,292	321,432
Total Revenue Requirement	9,023,451	4,630,456	13,653,907

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. The parent of Carbon/Emery has approximately 5,256 access lines in the state of Utah. Approximately 12,015 access lines are being transferred to Carbon/Emery as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix C-2.



## APPENDIX C-1

### SUMMARY OF ACCOUNTING ENTRIES (000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	29,400
Debit Accumulated Depreciation (Account 3100)	15,589
Credit Plant in Service (Account 2001)	28,689
Credit Gain (Account 7350)	16,300

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the East Carbon, Helper and Price Exchanges dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

#### CARBON/EMERY (BUYER'S BOOKS):

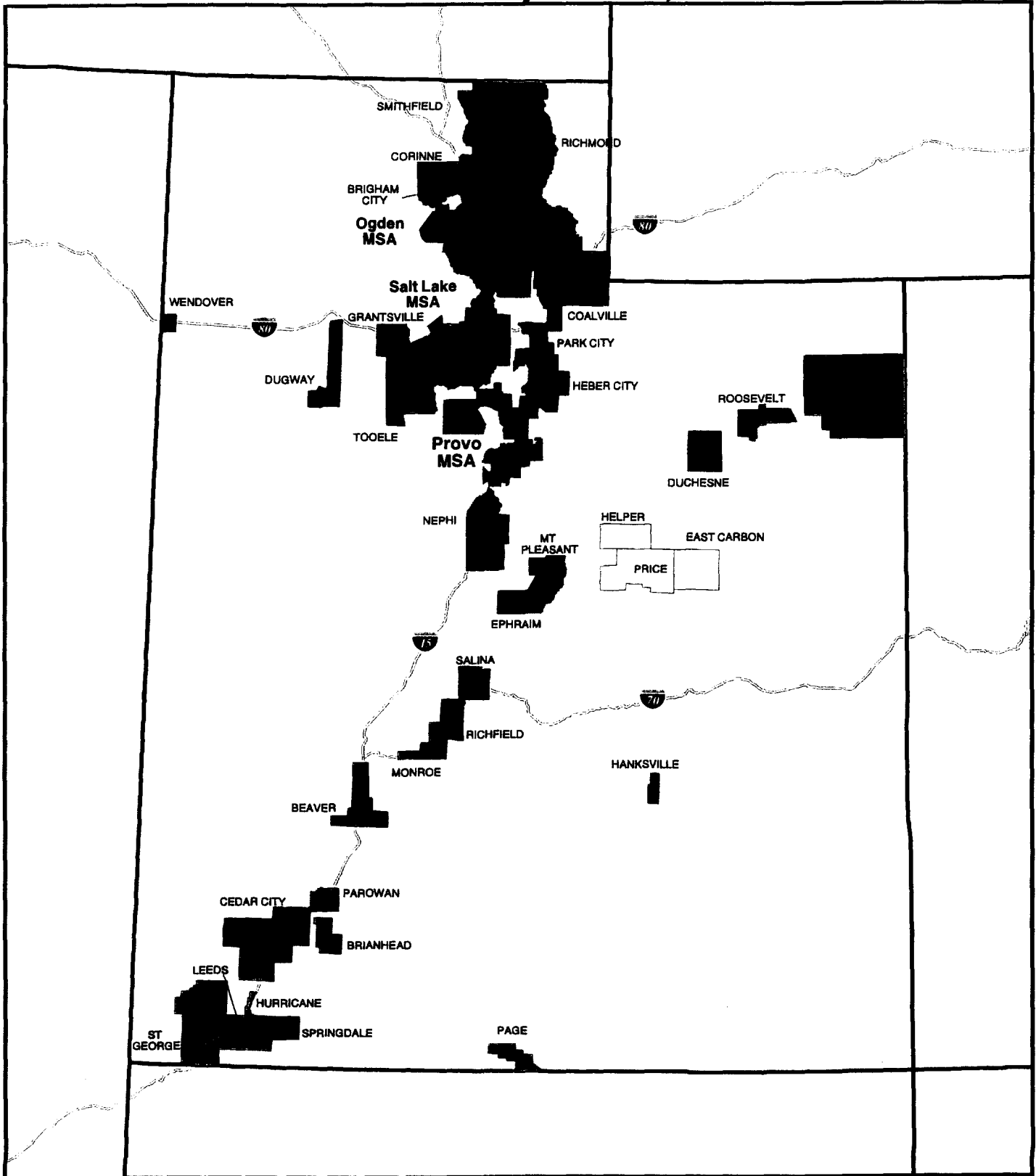
Debit Plant in Service (Account 2001)	28,689
Debit Telecommunications Plant Adjustment (Account 2005)	16,300
Credit Cash (Account 1120)	29,400
Credit Depreciation Reserve (Appropriate Plant Accounts)	15,589

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by Carbon/Emery or Qwest prior to the sale.

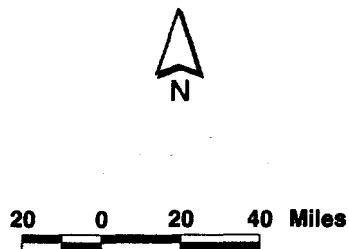
**APPENDIX C-2**

**MAP (CARBON/EMERY)**




# Carbon/Emery Telecom, Inc.

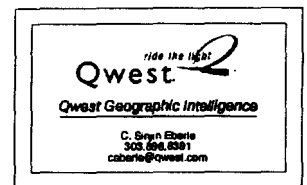


**QWEST Wire Centers -  
Proposed Sale to  
Carbon/Emery Telecom., Inc.**



## Legend

-  QWEST Proposed Transaction
-  QWEST
-  Highway



## **ATTACHMENT D**

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND CENTRAL UTAH TELEPHONE, INC. ("CENTRAL UTAH") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

**Response:**

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

**Response:**

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. Central Utah has expressed an intent to upgrade service in the Utah exchange it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

**Response:**

Central Utah plans upgrades at a cost of \$1,050,000 in year one, and \$925,000 in year two to install a fiber line between the Fairview central office, Mt. Pleasant and Spring City for switching capability. The outside plant facilities will be upgraded to provision for DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's

and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, Central Utah will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix D-1 for an illustration of the accounting entries both Qwest and Central Utah plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

Central Utah does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1998 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchange being sold to Central Utah is 12.36%, and for the remaining Utah exchanges is 15.39%. The 1999 Subscriber Plant Factor is 0.25.

For Central Utah, the 1999 interstate unweighted ratio of Dial Equipment Minutes prior to the sale is 18.84% and after the acquisition is projected to be 14.41%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchange being sold to Central Utah is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural  
Exchanges to be Sold**  
Based on 1999 Results

Average Net Investment (Rate Base)	1,681,247	617,200	2,298,447
Return on Investment	164,090	69,435	233,525
Operating Expense	765,977	262,482	1,028,459
Total Taxes	41,360	20,812	62,172
Total Revenue Requirement	971,427	352,729	1,324,156

**Total State Revenue Requirement  
Analysis "Post Sale"**  
Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	726,559,753	308,388,800	1,034,948,553
Return on Investment	70,912,232	34,693,740	105,605,972
Operating Expense	347,745,023	129,027,518	476,772,541
Total Taxes	18,895,352	10,838,820	29,734,172
Total Revenue Requirements	437,552,606	174,560,078	612,112,685

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**Central Utah – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	3,073,140	1,498,164	4,571,304
Return on Investment	327,480*	168,543	496,023
Operating Expense	1,200,520	626,279	1,826,799
Total Taxes	167,787	87,727	255,514
Total Revenue Requirement	1,695,787	882,549	2,578,336
* ROR – Local 10%, Access 11.25%			
<b><u>Estimated Post Sale:</u></b>			
Average Net Investment (Rate Base)	4,754,387	2,115,364	6,869,751
Return on Investment	491,570	237,978	729,548
Operating Expense	1,966,497	888,761	2,855,258
Total Taxes	209,147	108,539	317,686
Total Revenue Requirement	2,667,214	1,235,278	3,902,492

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. Central Utah has approximately 1,587 access lines in the state of Utah.

Approximately 2,077 access lines are being transferred to Central Utah as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix D-2.